

PROJECT STATUS REPORT

JANUARY 2011 - JUNE 2011

SECTION 1: PROJECT SUMMARY

PROJECT NAME: Provision of Remittance & Other Financial Services for the Rural Poor in Jamaica

Project Number: JA-M1019 - Operation Number: ATN/ME-11784-JA

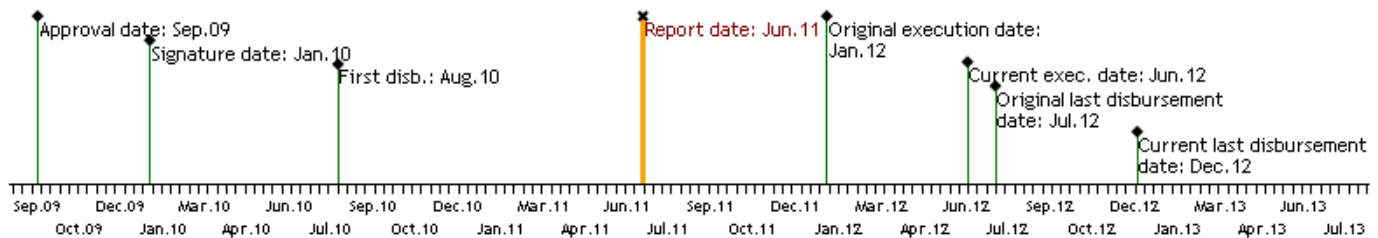
Purpose:

The purpose of the project is to provide increased affordable access to remittance and other financial services for individuals and small businesses within targeted rural communities.

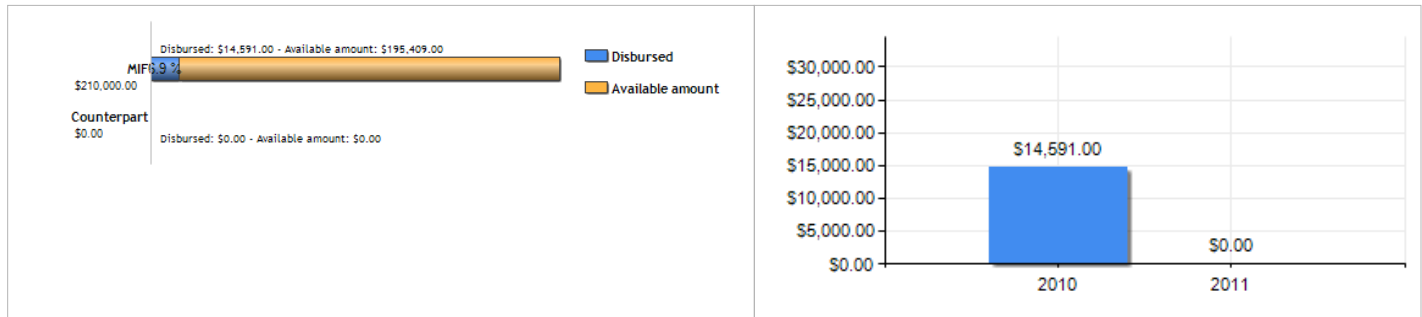
Country Administrator	Beneficiary Country	Group	Subgroup
JAMAICA	JAMAICA	SME - Small and Medium Enterprise Development	REMS - Remittances

Executing Agency:	Design Team Leader:
JAMAICA NATIONAL BUILDING SOCIETY FOUNDATION	Cockburn, Carina
	Supervision Team Leader:
	Beecher, Wayne

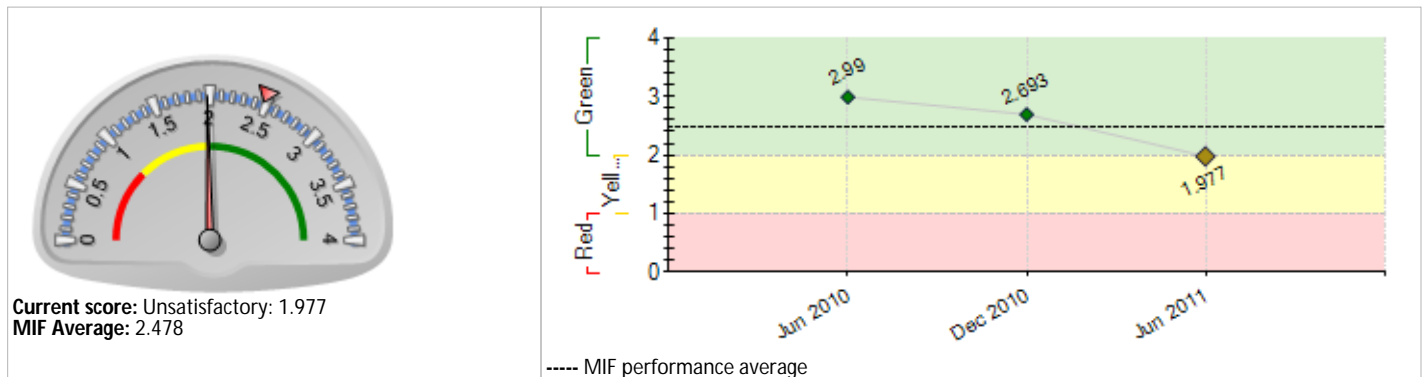
TIMELINE



FUNDS



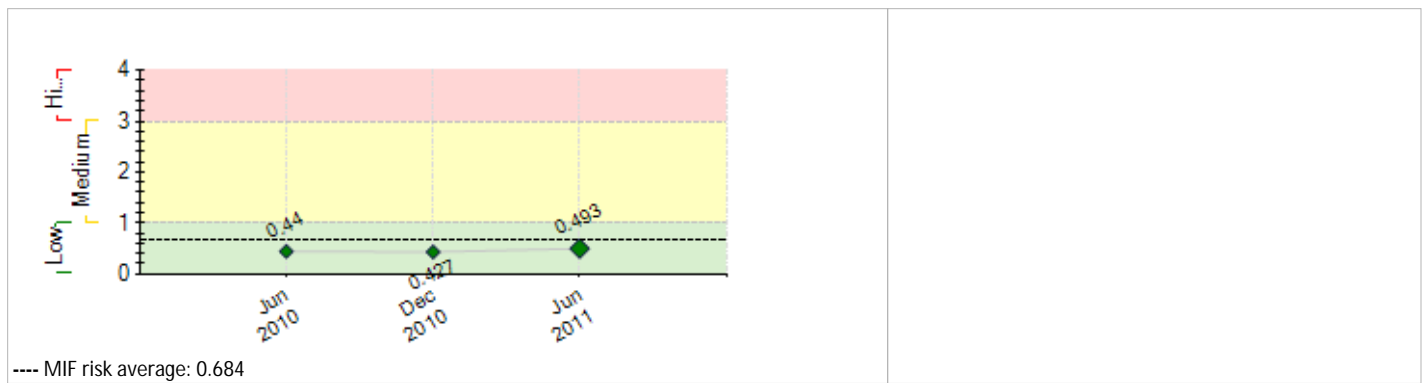
PERFORMANCE SCORE



EXTERNAL RISKS

INSTITUTIONAL CAPACITY

	Risk
Financial Management:	Low
Procurement:	Medium
Technical Capacity:	Low



SECTION 2: PERFORMANCE

Summary of project performance since inception

The project has had some major challenges that have hindered its ability to meet due dates and milestones, yet whilst certain areas have been delayed, other areas have been moving along steadily. We have been able to finalise the pilot communities, develop a framework for engaging the merchants, engage the support of the JN Group, and create a clear terms of reference for the software development and merchant network system.

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

Summary of project performance in the last six months

Semester Performance.

- 1 Completion of surveys of pilot communities
- 2 Approval of pilot communities by the PSC
- 3 Submission of draft merchant agreements for review

Next Semester

Procurement for the following consultanciesContracting for the development of the Merchant Agent NetworkPurchase of IT hardware and softwareSoftware development testingSelection and signing of the Merchant Agreements under the Merchant Network

- Operations Manual and Merchant training
- Loan Development
- Marketing Services

Comments from the Supervision Team Leader

Agree with the Executing Agency comments

SECTION 3: INDICATORS AND MILESTONES

Indicators	Baseline	Intermediate 1	Intermediate 2	Intermediate 3	Planned	Achieved	Status
Purpose: The purpose of the project is to provide increased affordable access to remittance and other financial services for individuals and small businesses within targeted rural communities.	P.I1 Customers from targeted communities have accessed the JN merchant network.	0			500	0	
	P.I2 % satisfaction of customers using the services of the network.	0			Jul 2012	0	
	P.I3 % decline in estimated costs of accessing remittances	0			Jul 2012	0	
		Jan 2010			Jul 2012		
Component 1: Development of Merchant Network and Operating System to increase access to remittances and other financial services Weight: 64% Classification: Unsatisfactory	C1.I1 Pilot communities will be identified.	0			10	2	Finished
	C1.I2 Merchants sign formal contracts with JN.	0			Jul 2010	Jun 2011	Delayed
	C1.I3 The POS terminal network system will be developed, implemented and operational at the offices of JN and the merchants.	0			10		
	C1.I4 An Operations manual for the use of the POS system will be developed and approved by the Steering Committee.	0			Jan 2011		
	C1.I5 Registered merchants will be trained on the use of the network to provide financial services.	0			1		
Component 2: Sensitization and Training of Beneficiaries to use Merchant network Weight: 16% Classification: Unsatisfactory	C2.I1 Individuals will be sensitized to the benefits of using the merchant network and will receive financial literacy training at 10 community events.	0			Jul 2011		
	C2.I2 Advertisements placed in local publications.	0			10		
					Jan 2012		

Component 3: Development of New Remittance-based Lending Approach**Weight:** 20%**Classification:** Unsatisfactory

C3.11	New remittance-based loan product approved by regulator.	0				1		
						Jan 2012		
C3.12	New remittance-based loan product launched.	0				1		
						Jul 2012		

Milestones		Planned	Due Date	Achieved	Date achieved	Status
M0	Previous Conditions	6	Jul 2010	6	Jul 2010	Achieved
M1	First Steering Committee Held	2	Jan 2011	1	Jun 2011	Achieved
M2	-Selection of Pilot communities -Selection of 10 merchants	3	Jan 2011	1	Jun 2011	Achieved late
M3	[*] Point of Sale network operational	4	Mar 2012			
M4	[*] Sensitization campaign completed	5	Apr 2012			
M5	[*] -Launch of new loan product -Approved sustainability plan	6	Jun 2012			

[*] Indicate that the milestone has been reformulated

CRITICAL ISSUES THAT HAVE AFFECTED PERFORMANCE

- [X] Inappropriate Consultants performance
- [X] Delays in fulfilling the contract terms
- [X] Environmental restrictions

SECTION 4: RISKS**MOST IMPORTANT RISKS AFFECTING FUTURE PERFORMANCE**

	Level	Mitigation action	Responsible
1. Community based businesses are unwilling to join merchant network	Medium	Merchants in the network will benefit from a new income stream, increased traffic in their stores and more efficient use of the cash generated by their businesses. Potential merchants will be approached directly by JN to communicate this value proposition.	Project Coordinator
2. Regulatory conditions are unfavourable.	Low	The project is being undertaken in accordance within existing banking regulations. The new loan product to be developed under Component 2 will require regulatory approval. The product will be designed in kept with existing regulations and initial consultations with the regulators have already taken place.	Project Coordinator
3. Community members are not responsive to new information and are unwilling to participate in community events.	Low	JNBSF has worked at the community level for a number of years. They enjoy a good reputation in most communities and expect to be able to attract community members to project events. The events will also be designed and promoted to be attractive to community members.	Project Coordinator
4. Potential customers are unwilling to use technology eg. swipe cards.	Low	The high mobile penetration in Jamaica and the use of mobile phones to conduct complex transactions eg. transfer of call credit is evidence of citizens' willingness to use technology. The use of debit cards are a familiar medium so it is highly unlikely that the potential customers will be unwilling to use swipe cards.	Project Coordinator
5. There is limited demand for financial services in rural communities	Low	The project will reduce transaction costs for the final beneficiaries. It is therefore expected that their interest in the project and demand for the services will be high.	Project Coordinator
PROJECT RISK LEVEL: Low TOTAL NUMBER OF RISKS: 9 IN EFFECT RISKS: 6 NOT IN EFFECT RISKS: 2 MITIGATED RISKS: 1			

SECTION 5: SUSTAINABILITY**Likelihood of project sustainability after project completion:** P - Probable**CRITICAL ISSUES THAT MAY AFFECT PROJECT SUSTAINABILITY***[None reported in this period]***Actions related to sustainability which will be or have been implemented:**

Most of the actions associated with sustainability relate to the design of the survey instrument to ensure that the communities chosen are able and willing to access the services. The Merchant Agreement in draft form is also being designed in such a way that the services facilitate adequate business opportunities for the merchants so that they provide the service on a long term basis.

SECTION 6: PRACTICAL LESSONS

1. Merchants must be open to the project, and in the design stage, should be surveyed to determine what business opportunities they would explore and whether the business case is attractive enough for buy in	Relative to Design	Author Brown, Saffrey
2. At the design of the project, all relevant internal departments and stakeholders need to both	Design	Brown, Saffrey

understand and commit to their involvement so that resources can be allocated to support the project

3. More resources and time need to be allocated to community surveys, especially when the locations are too widely spread

Implementation

Brown, Saffrey